

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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May 20, 2003

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department
JOHN GOSS, Assistant County Administrator
Economic Development and Public Services Group
DANIEL HOSTETLER, Chairman
Southern California Agricultural Land Foundation

**SUBJECT: AMENDMENTS TO AGREEMENTS WITH SOUTHERN CALIFORNIA
AGRICULTURAL LAND FOUNDATION**

RECOMMENDATIONS:

1. Approve Amendment No. 1 to Contract No. 02-508 with the Southern California Agricultural Land Foundation (SCALF) to extend the management agreement through May 31, 2004 to administer the Agricultural Land Acquisition and Post Acquisition Program (ALAPAP) in the amount of \$211,140 per year.
2. Approve Amendment No. 3 to Lease Agreement No. 92-357 with SCALF to extend the term through May 31, 2004 for an office and residential facility on 0.57 acres in Chino for total revenue in the amount of \$8,736.

BACKGROUND INFORMATION: In accordance with Federal and State requirements and County Policy, SCALF has developed and implemented the County's Agricultural Open Space Land Acquisition and Post Acquisition Preservation program (the "Program"). The Board approved the Program within the Chino Agricultural Preserve (Ag Preserve) under the California Wildlife, Coastal and Parkland Conservation Act of 1988 and the Federal Agricultural Improvement and Reform Act of 1996. SCALF, which is located within the Ag Preserve and is uniquely qualified regarding federal, state, and county requirements, developed the County's post-acquisition program to integrate lease, leaseback, joint venture, and property management activities within the acquisition process. To date, nine major acquisitions totaling 371 acres of program properties have been completed. The County, in cooperation with SCALF, also acquired fee title to an additional improved dairy of approximately 74.57 acres at 8315 Merrill Avenue in the Ag Preserve (the "Wiersema Dairy"), which is not part of the Program properties.

Management contract

On June 14, 1994, the Board approved a three-year agreement with SCALF to implement the Program. On April 22, 1997, the Board approved a five-year agreement, No. 97-322, with SCALF to continue administration of the Program. On April 30, 2002, the Board approved Amendment No. 1 to extend the agreement for an additional month from May 1 to May 31, 2002.

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On June 18, 2002, the Board approved a new management agreement, Contract No. 02-508, for a one-year term commencing June 1, 2002 through May 31, 2003 with three one-year options to extend the term.

Lease agreement

On June 1, 1992, the Board approved a five-year lease agreement, No. 92-357, with SCALF as tenant for the "dairy house" on 0.57 acre of a program property for office and residential purposes. On May 20, 1997 the Board approved Amendment No. 1 extending the term from June 1, 1997 through May 31, 2002. On June 18, 2002, the Board approved Amendment No. 2 to extend the term from June 1, 2002 through May 31, 2003 with three one-year options to extend the term.

In accordance with the terms of both the management contract and the lease agreement, SCALF desires to exercise the first of the three one-year options. The Real Estate Services Department (RES D) has reviewed the management contract and lease agreement and recommends a one-year extension of each. Two one-year options will remain on the management contract and the lease agreement. The management contract and lease terms are summarized as follows:

	<u>Management contract</u>	<u>Lease agreement</u>
Location	Program properties & Wiersema Dairy within the Ag Preserve	13839 Bon View Ave., Chino
Term	One-year extension	One-year extension
Options	Two one-year options remain	Two one-year options remain
Rent	\$211,140 per year* \$16,042.50 per mo. for ALAPAP properties \$1,552.50 per mo. for the Wiersema Dairy *Increase based on CPI percentage change	\$8,736 per year** \$728 per month **Fixed increase per lease
Annual Increase	2% minimum to 5% maximum based on CPI	2 nd option - \$8,916 per year 3 rd option - \$9,096 per year
Maintenance	Provided by County	Provided by County
Utilities	Provided by dairy operations	Provided by SCALF
Termination	County may terminate with 60 days written notice	Either party may terminate with 30-days notice if management agreement is terminated.

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REVIEW BY OTHERS: This item has reviewed by County Counsel (Rex Hinesley, Chief Deputy County Counsel) on April 28, 2003 and the County Administrative Office (John Goss, Assistant County Administrator) on May 8, 2003 and (Daniel R. Kopp, Administrative Analyst) on May 13, 2003.

FINANCIAL IMPACT: The total cost of the one-year amendment for the management contract is \$211,140. State budget impacts are not considered a major factor because this contract is completely funded by income from rents for Program properties, which are accounted for in the Program's special revenue fund (SIF INQ). The cost of administering the Wiersema Dairy, which is not a Program property, will be reimbursed from monthly rents received for that property.

The total revenue from the one-year lease amendment is \$8,736. Rent revenue will be deposited in the Program's special revenue fund (SIF INQ). The ALAPAP and the Wiersema Dairy are self-funded and their operations do not result in local cost.

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with RESD's proposal, and recommends this action based on the need to continue to contract for management and administration of the Program. The management contract cost of \$211,140 in fiscal year 2003-04 will be completely funded by income from the Program properties. The lease agreement will provide revenue of \$8,376.

SUPERVISORIAL DISTRICT: Fourth

PRESENTER: David H. Slaughter, Director, 7-7813

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